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***Via* Electronic Filing**
Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notice of *Ex Parte* Presentation In the Matter of Connect America Fund WC Docket No. 10-90; A National Broadband Plan for Our Future GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers WC Docket No. 07-135; High-Cost Universal Service Support WC Docket No. 05-337; Developing an Unified Intercarrier Compensation Regime CC Docket No. 01-92; Federal-State Joint Board on Universal Service CC Docket No. 96-45; Lifeline and Link-Up WC Docket No. 03-109; Universal Service Reform – Mobility Fund WT Docket No. 10-208

Dear Ms. Dortch:

On June 20, 2012, Smokey Scanlan, CEO and General Manager of EATEL and Secretary-Treasurer of the Rural Broadband Alliance ("RBA"), Jim Simon, General Manager of Chariton Valley and the President of the Rural Independent Competitive Alliance ("RICA"), Terry Wegener, General Manager of the Winnebago Cooperative Telecom Association, and I met with Commissioner Pai and Nicholas Degani, Legal Advisor to Commissioner Pai. The purpose of our meeting was to discuss concerns of rural carriers to both the Commission's Order in the above-referenced proceedings issued on November 18, 2011, and to the Staff's adoption of a regression analysis applicable to rural rate of return carriers in an April 25, 2012 Order issued on delegated authority (DA 12-646).

We discussed how the November 18 Order has made it impossible for small rural telecom businesses serving rural communities to plan their investments and operations to serve their communities. By significantly reducing revenues associated with the operations of small rural incumbent landline providers and their affiliated rural competitive local exchange carriers and rural wireless service providers, the Order threatens the ability of rural carriers to maintain and expand the excellent level of services provided to their consumers.

The April 25 Staff Order adopting a regression analysis has exacerbated the concerns of rural rate of return carriers. As a result of this Order issued on delegated authority, no rural rate of return carrier is able to develop meaningful budgets for 2014 and beyond. There is no reasonable opportunity to determine or predict a carrier's universal service support level and whether the support will be sufficient. We explained how the adoption of the regression analysis has created greater uncertainty notwithstanding the contrary intent of the Commission and Staff.

We also discussed how RICA and RBA members have built networks to provide landline and wireless universal services in accordance with the only established federal standards for building telecom networks to serve rural communities - those established by the RUS. Small rural carriers have deployed network facilities in accordance with these standards and in reliance upon the sufficiency and predictability of the previously established FCC rules and policies. As a result, small rural carriers have not only provided universal landline service and brought advanced networks capabilities to their incumbent service areas, but also, in many instances, they have done precisely what they understood to be the Commission's objective: the deployment of much-needed advanced network landline services in nearby under-served areas and provision of rural wireless service to their rural communities.

The focus of our discussion was the severe and inequitable financial punishment to rural carriers resulting from the application of new FCC rules to limit the cost recovery of existing expenses incurred in accordance with previously established Commission policies. We described how this impact occurs under the new rules with respect to the operations of rural rate of return carrier incumbent carriers, rural competitive local exchange service providers, and rural wireless ETCs.

We explained how the Order is contrary to the Commission's objectives and results in a disincentive to the expansion of broadband services, economic development and job creation in rural areas. Rural companies are responding to both the known and predicted impacts of the new rules by reducing or freezing further infrastructure investment. In addition, and as a result of the new rules, rural companies are planning cuts in jobs – cuts both in planned job creation and cuts in existing jobs. Rural companies are reluctant to make additional investments and job commitments because of financial uncertainty and the lack of predictability resulting from the new rules.

We discussed our concern that the implementation of the November 18 Order, as most recently reflected by the adoption of the regression analysis, will arbitrarily disallow the recovery of existing lawful investments and expenses. In order to address this issue, we urged that the Commission take two immediate actions:

1) Stay the implementation of the regression analysis adopted by the Commission staff; and

2) Issue a clarification stating that the Commission will not reduce universal service support and revenues to the wireline or wireless operations of any rural carrier where the support or revenues are required for the small business carrier to recover existing, lawful investments and

expenses that were incurred consistent with, and made in reliance on, the Commission's rules and policies existing prior to the issuance of the Order.

I am filing this letter electronically with your office for inclusion in the record of each of the above-referenced proceedings pursuant to the Commission's Rules. If you have any questions, please do not hesitate to contact me at 202-333-1770.

Sincerely,

s/ Stephen G. Kraskin

cc: Commissioner Pai
Nicholas Degani